

OPERATING FUND



PRELIMINARY & UNAUDITED FINANCIAL HIGHLIGHTS

June 30, 2021

A handwritten signature in black ink, appearing to read 'Eugene H. Schied', is positioned above the name of the Chief Financial Officer.

**EUGENE H. SCHIED
CHIEF FINANCIAL OFFICER**

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**MANAGEMENT OVERVIEW
JUNE 30, 2021**

Balance Sheets

Cash and cash equivalents had a month-end balance of approximately \$182.5 million. The balance decreased by \$9.1 million for the month due to cash disbursements for operating expenses and capital expenditures. The cash position is considered sufficient to cover current and future budgetary obligations of the Fund through April 2022.

Due from National Credit Union Share Insurance Fund represents the receivable for expenses paid by the Operating Fund. It had a month-end balance of \$120 thousand.

Other accounts receivable, net had a month-end balance of approximately \$271 thousand. Its balance decreased by approximately \$382 thousand from prior month primarily due to the collection of annual operating fees.

Accounts payable are trade, relocation and inter-agency payables. The balance increased by \$83 thousand for the month primarily due to vendor/trade and overhead transfer payables.

Accrued wages and benefits are earned by NCUA staff, but remain unpaid at month-end.

Accrued annual leave is leave earned by NCUA staff, but not yet used.

Statements of Revenues, Expenses, and Changes in Fund Balance

Expenses in excess of revenues totaled \$1.9 million for the month. Operating fees reflect one-twelfth of the 2021 Operating Fees. Expenses, net are after the Overhead Transfer Rate adjustment that allocates 62.3 percent of expenses to the Share Insurance Fund.

Statements of Cash Flows

The cash position decreased \$9.1 million from prior month. In the current month, \$9.7 million was used in operating activities, \$652 thousand was provided by investing activities, and \$5 thousand was used in financing activities on capital lease obligations.

Other Information

The Agency had 39 vacancies as of month-end. Of the 39 vacancies, 5 were in the central office and 34 were in the regions and Asset Management and Assistance Center (AMAC). The 39 vacancies represent 3.3 percent of total authorized staff of 1,192.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

BALANCE SHEETS

As of June 30, 2021 and 2020

(Dollars in thousands)

	June 2021	June 2020
ASSETS		
Cash and cash equivalents	\$ 182,455	\$ 176,009
Due from National Credit Union Share Insurance Fund	120	181
Employee advances	15	16
Other accounts receivable, Net	271	274
Prepaid expenses and other assets	6,642	5,439
Fixed assets - Net of accumulated depreciation of \$40,294 and \$36,781 as of June 30, 2021 and June 30, 2020, respectively	26,907	30,165
Intangible assets - Net of accumulated amortization of \$26,774 and \$21,896 as of June 30, 2021 and June 30, 2020, respectively	32,377	26,936
TOTAL ASSETS	\$ 248,787	\$ 239,020
 LIABILITIES AND FUND BALANCE		
LIABILITIES		
Accounts payable and accrued other liabilities	\$ 11,546	\$ 4,314
Obligations under capital leases	65	688
Accrued wages and benefits	7,016	8,442
Accrued FECA and unemployment benefits	311	315
Accrued actuarial FECA benefits	4,381	4,276
Deferred revenue ¹	62,125	72,793
Accrued annual leave	25,307	22,393
Note payable to National Credit Union Share Insurance Fund	-	4,358
TOTAL LIABILITIES	110,751	117,579
 FUND BALANCE	 138,036	 121,441
 TOTAL LIABILITIES AND FUND BALANCE	 \$ 248,787	 \$ 239,020

¹The Operating Fund recognizes operating fee revenue ratably over the calendar year. The deferred revenue is the remaining amount to be recognized over the remainder of the calendar year.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

STATEMENTS OF REVENUES, EXPENSES, AND CHANGES IN FUND BALANCE

For the periods ended June 30, 2021 and 2020

(Dollars in thousands)

	<u>June 2021</u>	<u>Year-to-Date June 2021</u>	<u>Year-to-Date June 2020</u>
REVENUES			
Operating fees	\$ 10,354	\$ 62,126	\$ 72,797
Interest	4	18	287
Other	39	203	345
Total Revenues	<u>10,397</u>	<u>62,347</u>	<u>73,429</u>
EXPENSES, NET¹			
Employee wages and benefits	8,484	46,464	44,574
Travel	25	101	1,982
Rent, communications, and utilities	271	1,217	992
Contracted services	2,950	9,964	7,778
Depreciation and amortization	291	1,788	1,408
Administrative	286	1,071	1,205
Total Expenses, Net	<u>12,307</u>	<u>60,605</u>	<u>57,939</u>
EXCESS OF REVENUES OVER / (UNDER) EXPENSES	(1,910)	1,742	15,490
FUND BALANCE—Beginning of period	<u>139,946</u>	<u>136,294</u>	<u>105,951</u>
FUND BALANCE—End of period	<u>\$ 138,036</u>	<u>\$ 138,036</u>	<u>\$ 121,441</u>

¹ Operating Fund expenses are the total NCUA operating expenses minus the Share Insurance Fund allocation as determined by the overhead transfer rate of 62.3% and 61.3% for 2021 and 2020, respectively.

The balances in the statement above are preliminary and unaudited.

**NATIONAL CREDIT UNION ADMINISTRATION
OPERATING FUND**

**STATEMENTS OF CASH FLOWS
For the periods ended June 30, 2021 and 2020
(Dollars in thousands)**

	<u>June 2021</u>	<u>Year-to-Date June 2021</u>	<u>Year-to-Date June 2020</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess of revenues over (under) expenses	\$ (1,910)	\$ 1,742	\$ 15,490
Adjustments to reconcile excess of revenues over (under) expenses to net cash provided by operating activities:			
Depreciation and amortization	766	4,714	3,638
(Gain) Provision for loss on disposal of assets held for sale	-	-	(11)
(Increase) decrease in assets:			
Due from National Credit Union Share Insurance Fund	(19)	3,142	2,128
Employee advances	-	1	(9)
Other accounts receivable, net	382	44	87
Prepaid expenses and other assets	1,046	(2,608)	(1,425)
(Decrease) increase in liabilities:			
Accounts payable	83	3,457	(4,988)
Accrued wages and benefits	(900)	(3,573)	(1,584)
Accrued FECA and unemployment benefits	80	157	146
Accrued actuarial FECA benefits	-	-	-
Deferred revenue	(10,354)	62,125	72,793
Accrued annual leave	1,086	2,969	3,448
Accrued employee travel	-	(82)	(708)
Net Cash Provided by/(Used in) Operating Activities	<u>(9,740)</u>	<u>72,088</u>	<u>89,005</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchases of fixed and intangible assets	652	(996)	(6,664)
Proceeds from sale of assets held for sale	-	-	434
Net Cash Provided by/(Used in) Investing Activities	<u>652</u>	<u>(996)</u>	<u>(6,230)</u>
CASH FLOWS FROM FINANCING ACTIVITIES			
Repayments of note payable to National Credit Union Share Insurance Fund	-	-	(670)
Principal payments under capital lease obligations	(5)	(24)	(588)
Net Cash Used in Financing Activities	<u>(5)</u>	<u>(24)</u>	<u>(1,258)</u>
NET INCREASE /(DECREASE) IN CASH AND CASH EQUIVALENTS	(9,093)	71,068	81,517
CASH AND CASH EQUIVALENTS—Beginning of period	<u>191,548</u>	<u>111,387</u>	<u>94,492</u>
CASH AND CASH EQUIVALENTS—End of period	<u>\$ 182,455</u>	<u>\$ 182,455</u>	<u>\$ 176,009</u>
SUPPLEMENTAL DISCLOSURE OF NONCASH ACTIVITIES			
Acquisition of equipment under capital lease	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 83</u>
CASH PAYMENTS FOR INTEREST	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 41</u>

The balances in the statement above are preliminary and unaudited.